

Message Text

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PAGE 01 TOKYO 13997 290817Z

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E.O. 11652: NA

TAGS: ETRN JA

SUBJ: CIVAIR: PROPOSALS FOR NEW ALL-CARGO AIRLINE

REF: TOKYO 11789

SUMMARY. ALL NIPPON AIRWAYS (ANA), TWO LARGE JAPANESE SHIPPING LINES, AND FREIGHT FORWARDING FIRM ARE DEVISING PLAN FOR SECOND ALL-CARGO AIRLINE TO SERVE TRANS-PACIFIC ROUTES. END SUMMARY.

1. AS PREVIOUSLY REPORTED (REFTEL), MITSUI OSK LINE AND NYK LINE HAVE DRAWN UP AND SUBMITTED TO TRANSPORT MINISTRY (MOT) PROSPECTUS FOR ALL-CARGO AIRLINE TO BE ESTABLISHED JOINTLY WITH JAPAN AIR-

INES (JAL). MAIN PURPOSE OF NEW AIRLINE WOULD BE TO SERVE TRANS-PACIFIC ROUTES BETWEEN JAPAN AND U.S. ON BOTH SCHEDULED AND CHARTER BASIS.

2. IN DISCUSSION WITH OFFICIAL OF ANA (HAYASHI, MANAGING DIRECTOR FOR INTERNATIONAL AFFAIRS), LATTER CONFIRMED TO EMBASSY THAT SIMILAR PLANS FOR A SECOND CARGO AIRLINE ARE BEING CONSIDERED BY ANA, YAMASHITA-SHINNIHON LINE, KAWASAKI KISEN KAISHA ("K" LINE), AND NIPPON EXPRESS CO (JAPAN'S LARGEST FREIGHT FORWARDER). HAYASHI SAID JAPAN LINES (MAJOR SHIPPING LINE) ALSO HAD EXPRESSED TENTATIVE INTEREST, BUT ORIGINAL GROUP HAS NOT YET DECIDED WHETHER TO ACCEPT IT AS A FIFTH PARTNER. HAYASHI EXPECTS THAT GROUP WILL DRAW UP PROSPECTUS IN RELATIVELY NEAR FUTURE FOR

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PAGE 02 TOKYO 13997 290817Z

SUBMISSION TO MOT.

3. IN BOTH CASES, INITIATIVE FOR FORMATION OF NEW AIRLINES HAS COME FROM SHIPPING INTERESTS RATHER THAN AIRLINES, ACCORDING TO BOTH JAL AND ANA. SHIPPING LINES ARE SAID TO FORESEE GROWING SHIFT OF HIGH REVENUE/LOW BULK CARGO FROM SURFACE SHIPMENT TO AIR SHIPMENT AND DESIRE TO ENTER AIR CARGO BUSINESS AS HEDGE AGAINST THIS TREND.

4. COMMENT. FACT THAT JAPAN'S MOST PRESTIGIOUS SHIPPING LINES ARE INVOLVED ASSURES THAT PROPOSALS FOR NEW ALL-CARGO AIRLINES WILL RECEIVE SERIOUS CONSIDERATION IN MOT. EMBASSY BELIEVES, HOWEVER, THAT THERE IS ONLY MARGINAL CHANCE THAT NEW ENTERPRISES WILL BE APPROVED. MAJOR FACTOR IS LACK OF ENTHUSIASM BY JAL, WHICH SEES NEW AIRLINES AS POTENTIAL COMPETITORS AND DETERRENT TO ITS FUTURE EXPANSION IN CARGO FIELD. AS INDICATED REFTTEL, JAL MANAGEMENT DID NOT AGREE TO INVOLVEMENT IN ENTERPRISE PROPOSED BY MUTSUI OSK AND NYK LINES. HOWEVER, SINCE JAL IS SEMI-PUBLIC CORPORATION (HALF OWNED BY GOJ) IT COULD NOT UNILATERALLY REFUSE TO BE INCLUDED AS PROSPECTIVE PARTNER. EMBASSY ALSO BELIEVES THAT EVEN IF MOT WERE TO ACCEPT IDEA OF NEW JOINTLY-OWNED CARGO AIRLINE, IT ALMOST CERTAINLY WOULD NOT APPROVE TWO SEPARATE COMPANIES. ANA GROUP NO DOUBT REALIZES THIS AND AT BEST PROBABLY HOPES TO RECEIVE CONSIDERATION FOR INCLUSION IN ANY NEW ENTERPRISE THAT MAY BE ESTABLISHED. IT WOULD BE WHOLLY IN KEEPING WITH JAPANESE PRACTICE, OF COURSE, FOR ALL INTERESTED PARTIES TO BE ACCOMMODATED IN A SINGLE NEW ENTERPRISE.

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